

House File 2384

S-5159

1 Amend House File 2384, as amended, passed, and reprinted by
2 the House, as follows:

3 1. Page 1, by striking lines 1 through 4 and inserting:

4 <DIVISION I

5 PHARMACY BENEFITS MANAGERS, PHARMACIES, AND PRESCRIPTION DRUG
6 BENEFITS>

7 2. Page 1, after line 26 by inserting:

8 <____. "*Facility*" means an institution providing health
9 care services or a health care setting, including but not
10 limited to hospitals and other licensed inpatient centers,
11 ambulatory surgical or treatment centers, skilled nursing
12 centers, residential treatment centers, diagnostic, laboratory
13 and imaging centers, and rehabilitation and other therapeutic
14 health settings.>

15 3. Page 1, by striking lines 27 through 30 and inserting:

16 <____. "*Health benefit plan*" means a policy, contract,
17 certificate, or agreement offered or issued by a third-party
18 payor to provide, deliver, arrange for, pay for, or reimburse
19 any of the costs of health care services.

20 _____. "*Health care professional*" means a physician or other
21 health care practitioner licensed, accredited, registered, or
22 certified to perform specified health care services consistent
23 with state law.

24 _____. "*Health care provider*" means a health care professional
25 or a facility.>

26 4. Page 2, by striking lines 1 through 9 and inserting
27 <corporation, or a plan established pursuant to chapter 509A
28 for public employees. "*Health carrier*" does not include any of
29 the following:>

30 5. Page 2, before line 10 by inserting:

31 <a. The department of human services.

32 b. A managed care organization acting pursuant to a contract
33 with the department of human services to administer the medical
34 assistance program under chapter 249A or the healthy and well
35 kids in Iowa (hawk-i) program under chapter 514I.

1 *c.* A policy or contract providing a prescription drug
2 benefit pursuant to 42 U.S.C. ch. 7, subch. XVIII, part D.
3 *d.* A plan offered or maintained by a multiple employer
4 welfare arrangement established under chapter 513D before
5 January 1, 2022.>
6 6. Page 3, by striking lines 4 and 5 and inserting:
7 <____. "*Pharmacy benefits manager*" means a person who,
8 pursuant to a contract or other relationship with a third-party
9 payor, either directly or through an intermediary, manages a
10 prescription drug benefit provided by the third-party payor.>
11 7. Page 3, by striking lines 18 and 19 and inserting:
12 <____. "*Prescription drug benefit*" means a health benefit
13 plan providing for third-party payment or prepayment for
14 prescription drugs.>
15 8. Page 3, by striking line 22 and inserting:
16 <____. "*Rebate*" means all discounts and other negotiated
17 price concessions paid directly or indirectly by a
18 pharmaceutical manufacturer or other entity, other than a
19 covered person, in the prescription drug supply chain to a
20 pharmacy benefits manager, and which may be based on any of the
21 following:
22 *a.* A pharmaceutical manufacturer's list price for a
23 prescription drug.
24 *b.* Utilization.
25 *c.* To maintain a net price for a prescription drug for a
26 specified period of time for the pharmacy benefits manager
27 in the event the pharmaceutical manufacturer's list price
28 increases.
29 *d.* Reasonable estimates of the volume of a prescribed drug
30 that will be dispensed by a pharmacy to covered persons.
31 ____. "*Third-party payor*" means any entity other than a
32 covered person or a health care provider that is responsible
33 for any amount of reimbursement for a prescription drug
34 benefit. "*Third-party payor*" includes health carriers and other
35 entities that provide a plan of health insurance or health

1 care benefits. "Third-party payor" does not include any of the
2 following:

3 a. The department of human services.

4 b. A managed care organization acting pursuant to a contract
5 with the department of human services to administer the medical
6 assistance program under chapter 249A or the healthy and well
7 kids in Iowa (hawk-i) program under chapter 514I.

8 c. A policy or contract providing a prescription drug
9 benefit pursuant to 42 U.S.C. ch. 7, subch. XVIII, part D.>

10 9. Page 3, line 33, by striking <health carrier> and
11 inserting <third-party payor>

12 10. Page 3, line 35, by striking <health carrier> and
13 inserting <third-party payor>

14 11. Page 4, line 4, by striking <health carrier> and
15 inserting <third-party payor>

16 12. Page 4, line 6, by striking <health carrier> and
17 inserting <third-party payor>

18 13. Page 4, line 8, before <A> by inserting <A health
19 carrier, or a pharmacy benefits manager providing pharmacy
20 benefits management services on behalf of a health carrier
21 pursuant to a contract or other arrangement for compensation,
22 shall not discriminate against a pharmacy or pharmacist with
23 respect to participation.>

24 14. Page 4, line 8, by striking <or>

25 15. Page 4, line 9, by striking <plan> and inserting <plan,
26 or third-party payor>

27 16. Page 4, line 10, by striking <participation,>

28 17. Page 4, line 18, by striking <health carrier> and
29 inserting <third-party payor>

30 18. Page 4, lines 20 and 21, by striking <health carrier>
31 and inserting <third-party payor>

32 19. Page 4, line 35, by striking <health> and inserting
33 <third-party payor>

34 20. Page 5, line 1, by striking <carrier>

35 21. Page 5, by striking line 14 and inserting:

1 <____. A pharmacy benefits manager providing pharmacy
2 benefits management services on behalf of a health carrier
3 pursuant to a contract or other arrangement for compensation
4 shall not prohibit a pharmacy located in the state>
5 22. Page 6, by striking lines 5 through 9 and inserting:
6 <____. A pharmacy benefits manager providing pharmacy
7 benefits management services on behalf of a health carrier
8 pursuant to a contract or other arrangement for compensation
9 shall not prohibit a covered person from filling a prescription
10 drug order at any pharmacy located in the state provided that
11 the pharmacy accepts the same terms and conditions as the
12 pharmacies participating in the pharmacy benefits manager's
13 pharmacy network for the health carrier of the covered person.>
14 23. Page 7, by striking lines 3 through 18 and inserting:
15 <c. (1) Paragraph "a" shall not apply to cost-sharing
16 paid by a covered person, or to cost-sharing paid by any other
17 person on behalf of the covered person, for a specialty drug
18 for which a medically appropriate A-rated generic equivalent is
19 available to the covered person.
20 (2) Notwithstanding subparagraph (1), paragraph "a"
21 shall apply to cost-sharing paid by a covered person, or to
22 cost-sharing paid by any other person on behalf of the covered
23 person, for a specialty drug for which a medically appropriate
24 A-rated generic equivalent is available to the covered person
25 in the following circumstances:
26 (a) The prescribing health care professional has determined
27 that the prescribed specialty drug is medically necessary.
28 (b) The covered person obtained access to the prescribed
29 specialty drug via a prior authorization, a step therapy
30 protocol, or the covered person's health carrier's exception
31 and appeal process.>
32 24. Page 12, line 16, before <Act> by inserting <division
33 of this>
34 25. Page 12, line 17, by striking <health carrier's>
35 26. Page 12, line 23, before <Act> by inserting <division

1 of this>

2 27. Page 12, after line 24 by inserting:

3 <DIVISION ____

4 PHARMACY BENEFITS MANAGER REPORTING

5 Sec. _____. Section 510C.1, Code 2022, is amended to read as
6 follows:

7 **510C.1 Definitions.**

8 As used in [this chapter](#) unless the context otherwise
9 requires:

10 1. "*Administrative fees*" means a fee or payment, other than
11 a rebate, under a contract between a pharmacy benefits manager
12 and a pharmaceutical drug manufacturer in connection with the
13 pharmacy benefits manager's management of a ~~health carrier's~~
14 third-party payor's prescription drug benefit, that is paid
15 by a pharmaceutical drug manufacturer to a pharmacy benefits
16 manager or is retained by the pharmacy benefits manager.

17 2. "*Aggregate retained rebate percentage*" means the
18 percentage of all rebates received by a pharmacy benefits
19 manager that is not passed on to the pharmacy benefits
20 manager's ~~health carrier~~ third-party payor clients.

21 3. "*Commissioner*" means the commissioner of insurance.

22 4. "*Covered person*" means the same as defined in section
23 ~~514J.102~~ 510B.1.

24 5. "*Formulary*" means a complete list of prescription drugs
25 eligible for coverage under a health benefit plan.

26 6. "*Health benefit plan*" means the same as defined in
27 section ~~514J.102~~ 510B.1.

28 7. "*Health carrier*" means the same as defined in section
29 ~~514J.102~~ 510B.1.

30 ~~8. "*Health carrier administrative service fee*" means a fee or~~
31 ~~payment under a contract between a pharmacy benefits manager~~
32 ~~and a health carrier in connection with the pharmacy benefits~~
33 ~~manager's administration of the health carrier's prescription~~
34 ~~drug benefit that is paid by a health carrier to a pharmacy~~
35 ~~benefits manager or is otherwise retained by a pharmacy~~

1 ~~benefits manager.~~

2 ~~9. 8. "Pharmacy benefits manager" means a person who,~~
3 ~~pursuant to a contract or other relationship with a health~~
4 ~~carrier, either directly or through an intermediary, manages a~~
5 ~~prescription drug benefit provided by the health carrier the~~
6 ~~same as defined in section 510B.1.~~

7 ~~10. 9. "Prescription drug benefit" means a health benefit~~
8 ~~plan providing for third-party payment or prepayment for~~
9 ~~prescription drugs the same as defined in section 510B.1.~~

10 ~~11. 10. "Rebate" means all discounts and other~~
11 ~~negotiated price concessions paid directly or indirectly by~~
12 ~~a pharmaceutical manufacturer or other entity, other than a~~
13 ~~covered person, in the prescription drug supply chain to a~~
14 ~~pharmacy benefits manager, and which may be based on any of the~~
15 ~~following: the same as defined in section 510B.1.~~

16 ~~a. A pharmaceutical manufacturer's list price for a~~
17 ~~prescription drug.~~

18 ~~b. Utilization.~~

19 ~~c. To maintain a net price for a prescription drug for a~~
20 ~~specified period of time for the pharmacy benefits manager~~
21 ~~in the event the pharmaceutical manufacturer's list price~~
22 ~~increases.~~

23 ~~d. Reasonable estimates of the volume of a prescribed drug~~
24 ~~that will be dispensed by a pharmacy to covered persons.~~

25 ~~11. "Third-party payor" means the same as defined in section~~
26 ~~510B.1.~~

27 ~~12. "Third-party payor administrative service fee" means a~~
28 ~~fee or payment under a contract between a pharmacy benefits~~
29 ~~manager and a third-party payor in connection with the pharmacy~~
30 ~~benefits manager's administration of the third-party payor's~~
31 ~~prescription drug benefit that is paid by a third-party payor~~
32 ~~to a pharmacy benefits manager or is otherwise retained by a~~
33 ~~pharmacy benefits manager.~~

34 Sec. _____. Section 510C.2, subsection 1, unnumbered
35 paragraph 1, Code 2022, is amended to read as follows:

1 Each pharmacy benefits manager shall provide a report
2 annually by February 15 to the commissioner that contains
3 all of the following information regarding prescription drug
4 benefits provided to covered persons of each ~~health-carrier~~
5 third-party payor with whom the pharmacy benefits manager has
6 contracted during the prior calendar year:

7 Sec. _____. Section 510C.2, subsection 1, paragraphs c, d, e,
8 and g, Code 2022, are amended to read as follows:

9 c. The aggregate dollar amount of all ~~health-carrier~~
10 third-party payor administrative service fees received by the
11 pharmacy benefits manager.

12 d. The aggregate dollar amount of all rebates received
13 by the pharmacy benefits manager that the pharmacy benefits
14 manager did not pass through to the ~~health-carrier~~ third-party
15 payor.

16 e. The aggregate amount of all administrative fees received
17 by the pharmacy benefits manager that the pharmacy benefits
18 manager did not pass through to the ~~health-carrier~~ third-party
19 payor.

20 g. Across all ~~health-carrier~~ third-party payor clients with
21 whom the pharmacy benefits manager was contracted, the highest
22 and the lowest aggregate retained rebate percentages.

23 Sec. _____. Section 510C.2, subsection 2, paragraph a,
24 subparagraph (1), Code 2022, is amended to read as follows:

25 (1) The identity of a specific ~~health-carrier~~ third-party
26 payor.

27 Sec. _____. Section 510C.2, subsection 2, paragraph b, Code
28 2022, is amended to read as follows:

29 b. Information provided under [this section](#) by a pharmacy
30 benefits manager to the commissioner that may reveal the
31 identity of a specific ~~health-carrier~~ third-party payor, the
32 price charged by a specific pharmaceutical manufacturer for
33 a specific prescription drug or class of prescription drugs,
34 or the amount of rebates provided for a specific prescription
35 drug or class of prescription drugs shall be considered a

1 confidential record and be recognized and protected as a trade
2 secret pursuant to [section 22.7, subsection 3.](#)>

3 28. By renumbering, redesignating, and correcting internal
4 references as necessary.

MIKE KLIMESH